



AN ACT AUTHORIZING TRANSFERS AND OTHER NECESSARY MEASURES TO IMPLEMENT THE GENERAL APPROPRIATIONS ACT; REVISING LAWS GOVERNING STATE EMPLOYEE COMPENSATION; PROVIDING LEGISLATIVE POLICY ON MENTAL HEALTH INVESTMENTS AS SET FORTH IN THE GENERAL APPROPRIATIONS ACT; PROVIDING FOR LEGISLATIVE INTENT REGARDING THE IMPLEMENTATION OF SENATE BILL NO. 405; AMENDING SECTIONS 2-18-301, 2-18-303, 2-18-703, 2-18-812, AND 87-1-625, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Transfers. (1) By June 1, 2015, there is transferred \$1.35 million from the oil and gas education and research account to the natural resources operations account within the state special revenue fund.

(2) By June 30, 2015, there is transferred up to \$2.25 million from the county oil and gas impact account within the state special revenue fund to the state general fund.

Section 2. Legislative policy statement for mental health investments for 2017 biennium. (1) Pursuant to 53-21-101, in its treatment of the seriously mentally ill, it is the policy of the state of Montana to:

(a) provide each person who is suffering from a mental disorder and who requires commitment the care and treatment suited to the needs of the person and to ensure that the care and treatment are skillfully and humanely administered with full respect for the person's dignity and personal integrity;

(b) accomplish this goal whenever possible in a community-based setting;

(c) accomplish this goal in an institutionalized setting only when less restrictive alternatives are unavailable or inadequate and only when a person is suffering from a mental disorder and requires commitment; and

(d) ensure that due process of law is accorded any person coming under the provisions of this part.

(2) In order to achieve this policy, the legislature directs the department of public health and human

services to meet the following objectives:

(a) to support a community-based system of care that is demonstrated through increased utilization of community-based crisis intervention services to reduce short-term admissions to the Montana state hospital;

(b) to provide and reimburse for effective prevention and treatment that enables sustainable recovery in communities, evidenced through quality assurance activities and analyses. The addictive and mental disorders division shall evaluate the delivery of recovery-focused services by providers.

(c) to improve outcomes for individuals with serious mental illness and co-occurring substance use disorders, demonstrated through data collection on individual client outcomes for recovery markers and performance measures; and

(d) to improve collaboration between community mental health providers, nursing homes, and state facilities, demonstrated through an increase in state facility discharge rates with a corresponding decrease in client recidivism to state facilities.

(3) The children, families, health, and human services interim committee shall monitor and evaluate the department's implementation of the objectives identified in this section and provide to the 65th legislature a report that outlines the status of implementation and identifies areas where continued improvement is necessary.

Section 3. Legislative intent. (1) It is the intent of the legislature that the office of budget and program planning use the statewide accounting, budgeting, and human resource system to capture savings in House Bill No. 2 generated due to the implementation of Senate Bill No. 405.

(2) After medicaid expansion as authorized in Senate Bill No. 405 is implemented, the office of budget and program planning shall calculate the general fund, state special revenue, and federal special revenue savings for each fiscal year attributable to the health insurance flexibility and accountability waiver, the federal medical assistance percentage for the medically needy, new rates for facility outside medical costs, and all net reductions in House Bill No. 2 for fiscal year 2016 and/or fiscal year 2017, transfer the savings to a separate subclass, and designate the subclass as frozen so that the generated savings may not be spent.

(3) For fiscal year 2016, the amount frozen will be determined by a pro rata share of months left in the fiscal year upon implementation. For fiscal year 2016, if savings are less than the remaining share of \$11,763,918 general fund, the budget director is authorized to unfreeze appropriations necessary to prevent a supplemental request.

(4) It is the intent of the legislature that the savings revert to the fund from which they were appropriated and are subject to appropriation by future legislatures as applicable.

(5) The legislative finance committee shall review the assumptions used in the office of budget and program planning's calculations for reductions and the specific cost offsets identified by the office.

Section 4. Conditions for state employee group benefit plans. As a condition for the expenditure of the funding for the biennium beginning July 1, 2015, for the state employee group benefit plans, the department of administration shall consider cost containment measures. Options for cost containment measures include but are not limited to:

- (1) reviewing and consulting with appropriate experts on the following:
 - (a) improving primary care case management and coordinated care to improve medical outcomes and reduce costs;
 - (b) sharing data with providers to identify and reduce inappropriate use or overuse of services;
 - (c) implementing pilot programs to improve health outcomes, such as programs for addressing pain management, emergency department use, and drug or alcohol addiction or abuse;
 - (d) increasing the cost-efficiency of the state health clinics, including recommendations for services and controls on or review of referrals;
 - (e) implementing a network-based or reference-based pricing arrangement, or both, with health care facilities, health care providers, and medical transport providers, considering a multiple of medicare rates to establish a contract of network providers or as a reference-based pricing model for the arrangement; and
 - (f) amending contracts, to the extent possible, for the state health clinics to require copayments equal to the copayments required by the state employee group benefit plans for similar services; and
- (2) requiring a contractor or third-party administrator to provide data analytics, professional expertise, and recommendations for improvement of the state employee group benefit plans to the department, the state employee group benefits advisory council, and the legislative finance committee.

Section 5. Section 2-18-301, MCA, is amended to read:

"2-18-301. Intent of part -- rules. (1) It is the intent of the legislature that compensation plans for state employees, excluding those employees excepted under 2-18-103 or 2-18-104, be based, in part, on an analysis

~~and comparison of the municipal and state government labor markets in North Dakota, South Dakota, Idaho, and Wyoming of the labor markets as provided by the department from the national compensation association of state governments salary survey and other information relative to the state government salaries and compensation in those states. For the biennium beginning July 1, 2013, the department shall determine this information before pay raises are implemented. For legislative sessions following the biennium beginning July 1, 2013, the department shall submit to the office of budget and program planning as a part of the information required by 17-7-114 in a biennial salary survey. The salary survey must be submitted to the office of budget and program planning as a part of the information required by 17-7-111.:~~

~~—— (a) an analysis of how Montana government employee salaries and other compensation compare to the municipal and state government salaries in North Dakota, South Dakota, Idaho, and Wyoming; and~~

~~—— (b) an analysis of the labor market as determined by the department in a biennial salary survey.~~

(2) Pay adjustments, if any, provided for in 2-18-303 supersede any other plan or systems established through collective bargaining after the adjournment of the legislature.

(3) Total funds required to implement the pay increases, if any, provided for in 2-18-303 for any employee group or bargaining unit may not be increased through collective bargaining over the amount appropriated by the legislature.

(4) The department shall administer the pay program established by the legislature on the basis of competency, internal equity, and competitiveness to ~~the municipal and state government labor markets in North Dakota, South Dakota, Idaho, and Wyoming. The intent is to bring all pay bands to the same relationship percentage of the market rate midpoint salary comparison~~ the external labor market when fiscally able.

(5) The broadband pay plan must consist of nine pay bands. Each pay band must contain a salary range with a minimum salary and a maximum salary.

(6) Based on the biennial salary survey, the department shall:

(a) identify current market rates for all occupations;

(b) establish salary ranges for each pay band; and

(c) recommend competitive pay zones ~~with the municipal and state government labor markets in North Dakota, South Dakota, Idaho, and Wyoming using the national compensation association of state governments salary survey and other relevant information for those states.~~

(7) The department may promulgate rules not inconsistent with the provisions of this part, collective

bargaining statutes, or negotiated contracts to carry out the purposes of this part.

(8) Nothing in this part prohibits the board of regents from engaging in negotiations with the collective bargaining units representing the classified staff of the university system."

Section 6. Section 2-18-303, MCA, is amended to read:

"2-18-303. Procedures for administering broadband pay plan. (1) On the first day of the first complete pay period in fiscal year ~~2014~~ 2016, each employee is entitled to the amount of the employee's base salary as it was on June 30, ~~2013~~ 2015.

(2) An employee's base salary may be no less than the minimum salary of the pay band to which the employee's position is allocated.

~~(3) Funds appropriated under section 4, Chapter 385, Laws of 2013, must be used to increase the base pay for each employee. The base pay of employees must be increased as determined by the executive branch, including those subject to the provisions of Title 39, chapter 31, with particular attention to the lower pay bands and those who did not receive a base pay increase during the biennium beginning July 1, 2011. Effective on the first day of the first complete pay period that includes January 15, 2016, the base salary of each employee must be increased by 50 cents an hour. Effective on the first day of the first complete pay period that includes January 15, 2017, the base salary of each employee must be increased by 50 cents an hour.~~

(4) (a) (i) A member of a bargaining unit may not receive the pay adjustment provided for in subsection (3) until the employer's collective bargaining representative receives written notice that the employee's collective bargaining unit has ratified a collective bargaining agreement.

(ii) If ratification of a collective bargaining agreement, as required by subsection (4)(a)(i), is not completed by the date on which a legislatively authorized pay increase is implemented, members of the bargaining unit must continue to receive the compensation that they were receiving until an agreement is ratified.

(b) Methods of administration consistent with the purpose of this part and necessary to properly implement the pay adjustments provided for in this section may be provided for in collective bargaining agreements.

(5) (a) Montana highway patrol officer base salaries must be established through the broadband pay plan. Before January 1 of each odd-numbered year, the department shall, after seeking the advice of the Montana highway patrol, conduct a salary survey to be used in establishing the base salary for existing and entry-level

highway patrol officer positions. The county sheriff's offices in the following consolidated governments and counties are the labor market for purposes of the survey: Butte-Silver Bow, Cascade, Yellowstone, Missoula, Lewis and Clark, Gallatin, Flathead, and Dawson. The base salary for existing and entry-level highway patrol officer positions must then be determined by the department of justice, using the results of the salary survey and the department of justice pay plan guidelines. Base or biennial salary increases under this subsection are exclusive of and not in addition to any increases otherwise awarded to other state employees after July 1, 2006.

(b) To the extent that the plan applies to employees within a collective bargaining unit, the implementation of the plan is a negotiable subject under 39-31-305.

(c) The department of justice shall submit the salary survey to the office of budget and program planning as a part of the information required by 17-7-111.

(d) The salary survey and plan must be completed at least 6 months before the start of each regular legislative session."

Section 7. Section 2-18-703, MCA, is amended to read:

"2-18-703. Contributions. (1) Each agency, as defined in 2-18-601, and the state compensation insurance fund shall contribute the amount specified in this section toward the group benefits cost.

(2) (a) For employees defined in 2-18-701 and for members of the legislature, the employer contribution for group benefits is ~~\$733~~ \$887 a month from January ~~2014~~ 2015 through December ~~2013~~ 2015, ~~\$806~~ \$976 a month from January ~~2014~~ 2016 through December ~~2014~~ 2016, and ~~\$887~~ \$1,054 a month ~~for from~~ for from January ~~2015~~ 2017 ~~and for each succeeding month through December 2017.~~

(b) For employees defined in 2-18-701 and for members of the legislature, beginning January 2018 and for each succeeding month, the cost of group benefits, including both the employer and employee contributions for group benefits and health flexible spending accounts, may not exceed the monthly amount for self-only coverage and coverage other than self-only that will trigger the excise tax under 26 U.S.C. 4980I, including any cost-of-living adjustments under 26 U.S.C. 4980I. This section limits contributions for group benefits only to the extent needed to avoid triggering the excise tax under 26 U.S.C. 4980I.

(c) For employees of the Montana university system, the employer contribution for group benefits is ~~\$806~~ \$887 a month from July ~~2013~~ 2014 through June ~~2014~~ 2016 and ~~\$887~~ \$1,054 a month from July ~~2014~~ 2016 ~~and for each succeeding month through the earlier of:~~

(i) June 2018; or

(ii) the month before the first month in which the excise tax under 26 U.S.C. 4980I applies.

(d) For employees of the Montana university system, beginning the earlier of July 2018 or the first month in 2018 in which the excise tax under 26 U.S.C. 4980I applies, and for each succeeding month, the cost of group benefits, including both the employer and employee contributions for group benefits and health flexible spending accounts, may not exceed the monthly amount for self-only coverage and coverage other than self-only that will trigger the excise tax under 26 U.S.C. 4980I, including any cost-of-living adjustments under 26 U.S.C. 4980I. This section limits contributions for group benefits only to the extent needed to avoid triggering the excise tax under 26 U.S.C. 4980I.

(e) If a state employee is terminated to achieve a reduction in force, the continuation of contributions for group benefits beyond the termination date is subject to negotiation under 39-31-305 and to the protections of 2-18-1205. Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly scheduled to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution. A portion of the employer contribution for group benefits may be applied to an employee's costs for participation in Part B of medicare under Title XVIII of the Social Security Act, as amended, if the state group benefit plan is the secondary payer and medicare the primary payer.

(3) For employees of elementary and high school districts, the employer's contributions may exceed but may not be less than \$10 a month.

(4) (a) For employees of political subdivisions, as defined in 2-9-101, except school districts, the employer's contributions may exceed but may not be less than \$10 a month.

(b) Subject to the public hearing requirement provided in 2-9-212(2)(b), the amount in excess of the base contribution of a local government's property tax levy for contributions for group benefits as determined in subsection (4)(c) is not subject to the mill levy calculation limitation provided for in 15-10-420.

(c) (i) Subject to subsections (4)(c)(ii) and (4)(c)(iii), the base contribution is determined by multiplying the average annual contribution for each employee on July 1, 1999, times the number of employees for whom the employer makes contributions for group benefits under 2-9-212 on July 1 of each fiscal year.

(ii) If a political subdivision did not make contributions for group benefits on or before July 1, 1999, and subsequently does so, the base contribution is determined by multiplying the average annual contribution for each

employee in the first year the political subdivision provides contributions for group benefits times the number of employees for whom the employer makes contributions for group benefits under 2-9-212 on July 1 of each fiscal year.

(iii) If a political subdivision has made contributions for group benefits but has not previously levied for contributions in excess of the base contribution, the political subdivision's base is determined by multiplying the average annual contribution for each employee at the beginning of the fiscal year immediately preceding the year in which the levy will first be levied times the number of employees for whom the employer made contributions for group benefits under 2-9-212 in that fiscal year.

(5) Unused employer contributions for any state employee must be transferred to an account established for this purpose by the department of administration and upon transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member.

(6) Unused employer contributions for any government employee may be transferred to an account established for this purpose by a self-insured government and upon transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member or to increase the reserves of the group.

(7) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona fide group insurance plans from providing greater or additional contributions for insurance benefits to employees with dependents than to employees without dependents or with fewer dependents."

Section 8. Section 2-18-812, MCA, is amended to read:

"2-18-812. Alternatives to conventional insurance for providing state employee group benefits authorized -- requirements. The department may establish alternatives to conventional insurance for providing state employee group benefits. The requirements for providing alternatives to conventional insurance are as follows:

(1) The department shall maintain state employee group benefit plans on an actuarially sound basis.
 (2) The department shall maintain reserves sufficient to liquidate the unrevealed claims liability and other liabilities of state employee group benefit plans.

(3) The department shall deposit all reserve funds and premiums paid to a state employee group benefit plan account within the state self-insurance reserve fund, and the deposits must be expended for claims under the plan.

(4) The department shall deposit income earned from the investment of a state employee group benefit plan's reserve fund into the account established under subsection (3) in order to offset the costs of administering the plan. ~~Expenditures for actual and necessary expenses required for the efficient administration of the plan must be made from temporary appropriations, as described in 17-7-501(1) or (2), made for that purpose.~~

(5) The department shall deposit into the account provided for in subsection (3) all portions of a state employee's salary designated by the employee to be withheld for the purposes of flexible spending account benefits as well as any employee-designated portion of the employer contribution for group benefits provided for in 2-18-703 that is not required to be used for mandatory or elected benefits. Income earned on the deposits must be retained within the account and used for the purposes provided in this subsection. The money deposited and income earned on the deposits must be used for:

- (a) payment of claims made by the employee;
- (b) payment of reasonable costs of administration of the flexible spending account program;
- (c) offsetting losses of the flexible spending account program; and
- (d) reducing administration fees collected from participants in the program.

(6) The department shall, prior to implementation of any alternative to conventional insurance, present to the advisory council the evidence upon which the department has concluded that the alternative method will be more efficient, less costly, or otherwise superior to contracting for conventional insurance.

(7) Except as otherwise provided in Title 33, chapter 18, part 9, the provisions of Title 33 do not apply to the department when exercising the powers and duties provided for in this section."

Section 9. Section 87-1-625, MCA, is amended to read:

"87-1-625. Funding for wolf management. (1) The department shall allocate ~~\$900,000~~ \$500,000 annually for wolf management.

(2) For the purposes of this section, the term "management" has the same meaning provided in 87-5-102 and includes:

- (a) wolf collaring conducted pursuant to 87-5-132; and
 - (b) lethal action conducted pursuant to 87-1-217 to take problem wolves that attack livestock.
- (3) Not more than 25% of the total funding allocated under this section may be used for administrative costs.

(4) Pursuant to 87-1-201, the department may allocate funds from any source to meet the requirements of this section.

(5) The department may contract with the United States department of agriculture wildlife services and county governments for the purposes of this section."

Section 10. Coordination instruction. If both Senate Bill No. 20 and [this act] are passed and approved, then [section 4 of Senate Bill No. 20] must be amended as follows:

"NEW SECTION. Section 4. Effective Date. [This act] is effective July 1, ~~2015~~ 2016."

Section 11. Coordination instruction -- funding from state special revenue account instead of general fund. If House Bill No. 2, Senate Bill No. 405, and [this act] are passed and approved, and if House Bill No. 2 appropriates an amount equal to or greater than \$1,761,476 from the employment security account provided for in 39-51-409 to the department of labor and industry for the biennium beginning July 1, 2015, for the restricted purposes of [sections 14 through 17 of Senate Bill No. 405], then:

- (1) [section 22(1)(a) of Senate Bill No. 405] is void; and
- (2) the appropriation in House Bill No. 2 from the employment security account provided for in 39-51-409 to the department of labor and industry for the purposes of [sections 14 through 17 of Senate Bill No. 405] must be considered base funding for the preparation of the budget for the biennium beginning July 1, 2017.

Section 12. Effective date. [This act] is effective on passage and approval.

- END -

I hereby certify that the within bill,
SB 0418, originated in the Senate.

Secretary of the Senate

President of the Senate

Signed this _____ day
of _____, 2015.

Speaker of the House

Signed this _____ day
of _____, 2015.

SENATE BILL NO. 418
INTRODUCED BY L. JONES

AN ACT AUTHORIZING TRANSFERS AND OTHER NECESSARY MEASURES TO IMPLEMENT THE GENERAL APPROPRIATIONS ACT; REVISING LAWS GOVERNING STATE EMPLOYEE COMPENSATION; PROVIDING LEGISLATIVE POLICY ON MENTAL HEALTH INVESTMENTS AS SET FORTH IN THE GENERAL APPROPRIATIONS ACT; PROVIDING FOR LEGISLATIVE INTENT REGARDING THE IMPLEMENTATION OF SENATE BILL NO. 405; AMENDING SECTIONS 2-18-301, 2-18-303, 2-18-703, 2-18-812, AND 87-1-625, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.